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October 17, 2018

VIA ELECTRONIC FILING

The Honorable Jocelyn G. Boyd
Chief Clerk/Administrator
The Public Service Commission of South Carolina
101 Executive Center Drive, Suite 100
Columbia SC 29210

**Re: Termination of Residential Water Heating Service Controlled/Sub metered
Schedule WC ("Program")
Docket Number: 1984-423-E**

Dear Mrs. Boyd:

In accordance with Order No. 84-940 issued on November 8, 1984 by the Public Service Commission of South Carolina ("Commission"), in Docket 84-423-E, Duke Energy Carolinas, LLC ("DEC" or the "Company") hereby seeks to end the voluntary Residential Water Heating Service Controlled/Sub metered Schedule WC ("Program"). Although this program has been in effect since 1984, current economics are driving the need for its closure.

The Program historically allowed for customers to choose to have their water heaters controlled by the Company in exchange for paying a lower rate for the power used to operate the water heater. For customers choosing to enter the Program, the Company installed a control device and second meter for the water heater. At its peak in 1991, the Program had 11,444 participating customers in South Carolina. Currently there are approximately 2,200 customers enrolled in the Program. Since 2016, 5 customers have enrolled in the program – none in 2018 and only one in 2017.

Current financial analysis indicates that the cost of the Program is greater than the savings generated by the load shifting allowed by the Program. In addition, the equipment used in the Program – load control devices, control hardware and software – is aging and in need of replacement. Replacement of this equipment will be expensive compared to the benefit of the program, and will make the Program even less cost effective.

The technology used to control the hot water heaters has been deactivated. And although the Company is no longer controlling participants' water heaters, they are continuing to receive

The Honorable Jocelyn G. Boyd

October 17, 2018

Page 2

the lower Schedule WC kWh charge. In effect, subscribers to the Program are now receiving a benefit for which there is no longer any contribution. Accordingly, the Company seeks to close Schedule WC and terminate the Program.¹

Termination of this voluntary option is permitted under SC Gen Code Ann 58-27-870(f) without notice and hearing since it does not involve any rate increase, the matter does not require a determination of the entire rate structure and overall rate of return, or result in any rate increase to the utility. Nonetheless, the Company plans to notify customers, if this termination request is approved, via an explanatory letter mailed to participating customers. This letter will serve as the required 30 day written notice of termination as specified in the tariff. This letter will provide such additional information as: explanation of the closing, billing implications, removal of the Company's equipment and timeframe.

DEC has provided the proposed Program closure to the South Carolina Office of Regulatory Staff for their review in advance of this filing. DEC hereby respectfully requests Commission approval of the Company's request to the Program as referenced above.

If you have any questions, please let me know.

Sincerely,



Heather Shirley Smith

cc: Ms. Dawn Hipp, Office of Regulatory Staff
Ms. Sara Johnson, Office of Regulatory Staff
Mr. Andrew Bateman, Office of Regulatory Staff

¹ This program was terminated in North Carolina via the North Carolina Utilities Commission's Order dated June 22, 2018 at page 332 in NCUC Docket Nos. E-7, Sub 1146, E-7, Sub 819, E-2, Sub 1152, E-7, Sub 1110.